

**The Community Foundation of Lorain County  
Charitable Gift Annuity Program  
for  
Agency Endowment Funds**

**What is it?**

In an effort to help local charitable agencies raise deferred gifts for their endowment funds, the Community Foundation is offering Charitable Gift Annuities. A Charitable Gift Annuity (CGA) is a contract between the Community Foundation and the donor to provide a fixed-dollar annual payment, for life of the donor and/or other beneficiaries, in exchange for a charitable contribution to the Community Foundation. The amount of the annual payment is dependent upon the age of the donor and the size of the gift. The date that income payments to the beneficiary begin may be deferred. The annuity contract is a general obligation of the Community Foundation, and the payments are guaranteed.

**How Will It Work?**

- Each CGA will require an initial contribution of at least \$5,000.
- The remainder interest must benefit either an existing endowment fund or be of sufficient size to create a new endowment fund (2010 minimum is \$10,000 remainder).
- Gifts are limited to liquid assets such as cash and securities for which a ready market exists.
- Agreements may provide for income payments to no more than two successive life beneficiaries
- The payout for CGAs will begin when the donor is age 60 or more; in the case of two successive life beneficiaries, the younger of the two must be at least 60.
- Payments will be based upon the Uniform Annuity Rates as published by the American Council on Gift Annuities.
- Annuity payments will be made either annually, semi-annually, or quarterly at the donor's discretion.
- Each annuity will be charged a reasonable administrative fee and a proportional share of investment costs.
- The Gift Acceptance Committee may apply different guidelines in specific cases.
- Disclosure to the donor must follow state and federal regulations.
- CGAs will always be administered in conformity with existing state and federal tax laws.
- The Community Foundation retains the right to refuse any CGA deemed not in the best interest of the endowment.

**Is There Any Risk?**

The only risk is that the donor will outlive the annuity's ability to support the annual payment. To manage the risk and protect all permanent assets:

- The CGA pool shall be separate from the Community Foundation's permanent pool of assets and serve as self-insurance against losses on individual annuities.
- Donors may accept a lower-than-standard rate to reduce the possibility of exhausting the principal; accepting a lower rate will increase the donor's charitable deduction.
- The Community Foundation may, at its discretion, reinsure any CGA.